

CHAPTER 174
WAGE, BENEFIT, AND INVESTMENT REQUIREMENTS
[Prior to 7/4/07, see 261—Ch 168, div IV]

261—174.1(15) Applicability. This chapter is applicable to the programs identified in 261—173.1(15).

261—174.2(15) Quarterly qualifying wage calculations.

174.2(1) The department will update all program wage thresholds on July 1, October 1, January 1, and April 1 of each fiscal year using the most recent four quarters of available wage data from the Iowa workforce development department.

174.2(2) Transition period. Businesses that submit a project review form to the department will be subject to wage thresholds in effect on the date the department receives the project review form, provided that the business's application is received and approved within six months of the date the project review form was received by the department. If more than six months have elapsed, the business will be subject to the wage thresholds in effect on the date the department receives the business's completed application.

261—174.3(15) Qualifying wage threshold requirements. For each financial assistance and tax credit program administered by the department, there are minimum wage threshold requirements that must be met in order for the project to be considered to receive an award. The qualifying wage threshold varies from program to program and according to funding source. This rule describes the qualifying wage thresholds, by funding source and by program, which a project must meet.

174.3(1) *Qualifying wage threshold requirement—projects receiving IVF(FES) assistance.* Awards funded during the time period beginning July 1, 2003, but before June 16, 2004, from IVF(FES) shall meet the wage requirements in effect at that time as reflected in the contract between the department and the business. Awards funded after June 16, 2004, using IVF(FES) moneys shall meet the qualifying wage thresholds for the programs through which funding is sought.

174.3(2) *Qualifying wage threshold requirement—projects receiving IVF (2005) assistance.* In order to receive financial assistance from the IVF (2005), applicants shall demonstrate that the annual wage, including benefits, of project jobs is at least 130 percent of the average county wage. If an applicant is applying for IVF (2005) moneys, the department will first review the application to ensure that the IVF (2005) wage requirement is met. The department will then review the application for compliance with the requirements of the department program from which financial assistance is to be provided.

174.3(3) *Qualifying wage threshold requirement—projects funded by program funds (“old money”).* Prior to July 1, 2003, direct financial assistance programs administered by the department were funded through state appropriations. After the creation of IVF(FES) and IVF (2005), these programs no longer received separate state appropriations. These programs were funded with IVF(FES) and IVF (2005) moneys. Moneys remaining, recaptured or repaid to these program funds remain available for awarding to projects. The department will review an application for compliance with the requirements of the department program from which financial assistance is to be provided.

174.3(4) *Qualifying wage threshold requirement—projects receiving EDSA funds.* EDSA is the job creation component of the federal CDBG program. The department will review an application for compliance with the federal CDBG EDSA requirements.

174.3(5) *Qualifying wage thresholds, by funding source and by program.*

a. IVF (2005). Projects that are funded with IVF (2005) moneys through the following programs shall meet the qualifying wage threshold listed below:

Funding Source: <u>IVF (2005)</u>		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying wage threshold?
CEBA:	Small business gap financing component	130% of average county wage	Yes
	New business opportunities and new product development components	130% of average county wage	Yes
	Venture project component	130% of average county wage	Yes
	Modernization project component	130% of average county wage	Yes
VAAPFAP		130% of average county wage	Yes
PIAP		130% of average county wage, unless funded through special allocation of PIAP funds, up to \$5 million, established in subrule 61.5(12)	Yes
EVA		130% of average county wage	Yes

b. *IVF(FES) and program funds.* Projects that are funded with IVF(FES) through the following programs or directly from available program fund moneys shall meet the qualifying wage thresholds listed below:

Funding Source: <u>IVF(FES) or Program Funds</u>		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying wage threshold?
CEBA:	Small business gap financing component	100% of average county wage or average regional wage, whichever is lower 130% for awards over \$500,000	No
	New business opportunities and new product development components	100% of average county wage or average regional wage, whichever is lower 130% for awards over \$500,000	No
	Venture project component	100% of average county wage or average regional wage, whichever is lower	No
	Modernization project component	100% of average county wage or average regional wage, whichever is lower 130% for awards over \$500,000	No
VAAPFAP		No statutory requirement	Not applicable
PIAP		No statutory requirement	Not applicable
EVA		No statutory requirement	Not applicable

c. *EDSA.* Projects that are funded with EDSA moneys shall meet the following wage threshold:

Program Source: <u>CDBG</u>	Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the wage threshold?
EDSA	100% of average county wage or average regional wage, whichever is lower	No

d. *EZ and HQJC*. Tax credit program projects shall meet the following wage thresholds:

Tax Credit Programs	Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the wage threshold?
EZ	90% of average county wage or average regional wage, whichever is lower	No
HQJC	130% of average county wage More benefits are available if the wage rate is 160% or higher	Yes

261—174.4(15) IVF (2005) wage waivers; HQJC eligibility requirement waivers. Rescinded IAB 11/5/08, effective 10/16/08.

261—174.5(15) Job obligations. Jobs that will be created or retained as a result of a project’s receiving state or federal financial assistance or tax credit benefits from the department shall meet the qualifying wage threshold requirements. Jobs that do not meet the qualifying wage threshold requirements will not be counted toward a business’s job creation or job retention obligations outlined in the contract between the department and the business. A business’s job obligations shall include the business’s employment base and the number of new jobs required to be created above the base employment figure.

261—174.6(15) Benefit requirements. To be eligible to receive state financial assistance or tax credit benefits, applicants shall meet the following benefit requirements:

Program	Benefit Requirement	Deductible Requirements	Is a monetary equivalent to benefits allowed?	Benefits Counted Toward Monetary Equivalent
EZ	80% medical and dental coverage, single coverage <u>only</u> OR the monetary equivalent	\$750 maximum for single coverage/ \$1500 maximum for family coverage	Yes	-Medical coverage (family portion) -Dental coverage (family portion) -Pension/401(k) (company’s average contribution) -Profit-sharing plan -Life insurance -Short-/long-term disability insurance -Vision insurance -Child care
HQJC	No benefit requirement (If, however, the company does not provide 80% medical and dental coverage for a single employee, the award will be reduced by 10%.)	\$750 maximum for single coverage/ \$1500 maximum for family coverage	No (Providing 80% medical and dental coverage for a single employee is one of eight qualifying criteria the company may use to qualify for the program. Monetary equivalent of other benefits is not considered.)	Not applicable

Program	Benefit Requirement	Deductible Requirements	Is a monetary equivalent to benefits allowed?	Benefits Counted Toward Monetary Equivalent
EDSA	80% medical and dental for single employees OR 50% medical and dental for family coverage OR the monetary equivalent	\$750 maximum for single coverage/ \$1500 maximum for family coverage	Yes	-Medical coverage (family portion) -Dental coverage (family portion) -Pension/401(k) (company's average contribution) -Profit-sharing plan -Life insurance -Short-/long-term disability insurance -Vision insurance -Child care -Other documented benefits offered to all employees (i.e., uniforms, tuition reimbursement, etc.)
CEBA	80% medical and dental for single employees OR 50% medical and dental for family coverage OR the monetary equivalent	\$750 maximum for single coverage/ \$1500 maximum for family coverage	Yes	-Medical coverage (family portion) -Dental coverage (family portion) -Pension/401(k) (company's average contribution) -Profit-sharing plan -Life insurance -Short-/long-term disability insurance -Vision insurance -Child care -Other documented benefits offered to all employees (i.e., uniforms, tuition reimbursement, etc.)
VAAPFAP	Not applicable	Not applicable	Not applicable	Not applicable
PIAP	Not applicable	Not applicable	Not applicable	Not applicable
EVA	Not applicable	Not applicable	Not applicable	Not applicable
TSBFAP	Not applicable	Not applicable	Not applicable	Not applicable

261—174.7(15) Capital investment, qualifying investment for tax credit programs, and investment qualifying for tax credits.

174.7(1) Capital investment. The department reports on the amount of capital investment involved with funded projects. This rule lists the categories of expenditures that are included when the department determines the amount of capital investment associated with a project.

174.7(2) Qualifying investment for tax credit programs. For the tax credit programs (EZ and HQJC) there are statutorily required minimum investment thresholds that must be met for the project to be considered to receive an award. Not all expenditures count toward meeting the investment threshold. This rule identifies the categories of expenditures that can be included when the amount of investment is calculated for purposes of meeting program eligibility threshold requirements.

174.7(3) Investment qualifying for tax credits. Not all of the expenditure categories used to calculate the investment amount needed to meet program threshold requirements qualify for purposes of claiming the tax credits. The following table identifies the expenditures that do not qualify for tax credits.

	Capital Investment ¹	Qualifying Investment ²	Investment Qualifying for Tax Credits ³
Land acquisition	Yes	Yes	Yes
Site preparation	Yes	Yes	Yes
Building acquisition	Yes	Yes	Yes
Building construction	Yes	Yes	Yes
Building remodeling	Yes	Yes	Yes
Mfg. machinery & equip.	Yes	Yes	Yes
Other machinery & equip.	Yes	No	No
Racking, shelving, etc.	Yes	No	No
Computer hardware	Yes	Yes	Yes
Computer software	No	No	No

	Capital Investment ¹	Qualifying Investment ²	Investment Qualifying for Tax Credits ³
Furniture & fixtures	Yes	Yes	No
Working capital	No	No	No
Research & development	No	No	No
Job training	No	No	No
Capital or synthetic lease	No	Yes	Yes
Rail improvements ⁴	Yes	Yes	Yes
Public infrastructure ⁵	Yes	Yes	Yes

¹“Capital investment” is used to calculate project investment on depreciable assets.

²“Qualifying investment” is used to determine eligibility for EZ and HQJC programs.

³“Investment qualifying for tax credits” is used to calculate the maximum available tax credit award for a project.

⁴“Rail improvements” includes hard construction costs for rail improvements. (These costs are included as part of construction or site preparation costs.)

⁵“Public infrastructure” includes any publicly owned utility service such as water, sewer, storm sewer or roadway construction and improvements. (These costs are included as part of construction costs.)

These rules are intended to implement Iowa Code chapters 15, 15E and 15G.

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